

January 2002



North Dakota REV-E-NEWS

**From Rod Backman, Director
Office of Management and Budget
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After the first six months of the biennium, revenue collections are \$421,437 ahead of the legislative forecast. Earlier this month the Governor released the results of an updated revenue forecast which showed an expected reduction of \$14.8 million in revenues throughout the rest of the biennium. The updated revenue forecast expects a decrease of \$1.3 million in sales tax collections, a \$0.8 million decrease in motor vehicle excise tax collections, a \$3.8 million decrease in individual income tax collections, a \$5.3 million decrease in corporate income tax collections, and a \$4.6 million decrease in in-

terest from the Bank of North Dakota. Based on the new revenue forecast, we anticipate a balance of \$6.8 million at the end of the 2001-03 biennium. The next revenue forecast will be prepared in June.

Comments or Questions???

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Bank of North Dakota Transfer

The Bank of North Dakota transferred \$15 million of profits to the general fund in December. This \$15 million transfer represents the first of four transfers the Bank

of North Dakota will make to the general fund in fulfilling its \$60 million obligation to the general fund in 2001-03.

Oil Activity

North Dakota currently has 9 rigs operating compared to 12 last year at this time. The price of oil is in the range of \$12 per barrel. Oil production in November aver-

aged 85,258 barrels per day, down from October's average production of 86,609 barrels per day,

STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
Compared to March 2001 Legislative Forecast
2001-03 BIENNIUM
DECEMBER 2001

REVENUES AND TRANSFERS	2001 Legislative Forecast	FISCAL MONTH			2001 Legislative Forecast	BIENNIUM TO DATE		
		<u>Actual</u>	<u>Variance</u>	<u>Percent</u>		<u>Actual</u>	<u>Variance</u>	<u>Percent</u>
Sales Tax	22,376,000.00	\$ 24,834,868.47	\$ 2,458,868.47	11.0%	\$ 154,726,000.00	\$ 159,343,311.33	\$ 4,617,311.33	3.0%
Motor Vehicle Excise Tax	4,105,000.00	5,049,830.93	944,830.93	23.0%	27,910,000.00	31,604,984.45	3,694,984.45	13.2%
Individual Income Tax	4,262,000.00	4,123,407.16	(138,592.84)	-3.3%	83,386,000.00	80,028,141.92	(3,357,858.08)	-4.0%
Corporate Income Tax	6,531,000.00	4,976,530.02	(1,554,469.98)	-23.8%	11,219,000.00	9,652,161.37	(1,566,838.63)	-14.0%
Insurance Premium Tax	1,650,000.00	1,763,051.00	113,051.00	6.9%	7,286,000.00	7,328,426.42	42,426.42	0.6%
Financial Insitutions Tax		(299,025.00)	(299,025.00)	100.0%		361,879.00	361,879.00	100.0%
Oil & Gas Production Tax	1,956,000.00	1,147,750.37	(808,249.63)	-41.3%	11,636,000.00	9,286,166.17	(2,349,833.83)	-20.2%
Gaming Tax	54,000.00	359,383.00	305,383.00	565.5%	4,515,000.00	6,242,938.05	1,727,938.05	38.3%
Interest Income	724,000.00	221,398.18	(502,601.82)	-69.4%	3,944,000.00	2,522,453.91	(1,421,546.09)	-36.0%
Oil Extraction Tax	1,194,000.00	614,069.10	(579,930.90)	-48.6%	7,087,000.00	5,635,596.92	(1,451,403.08)	-20.5%
Cigarette & Tobacco Tax	1,568,000.00	1,659,237.40	91,237.40	5.8%	10,477,000.00	10,691,575.19	214,575.19	2.0%
Departmental Collections	1,500,000.00	1,729,508.91	229,508.91	15.3%	13,750,000.00	14,845,638.74	1,095,638.74	8.0%
Wholesale Liquor Tax	424,134.00	433,805.66	9,671.66	2.3%	2,692,374.00	2,808,746.05	116,372.05	4.3%
Coal Conversion Tax	2,023,000.00	1,936,078.59	(86,921.41)	-4.3%	12,206,000.00	11,456,351.20	(749,648.80)	-6.1%
Mineral Leasing Fees	160,000.00	98,828.29	(61,171.71)	-38.2%	1,920,000.00	1,299,200.71	(620,799.29)	-32.3%
Bank of North Dakota-Transfer	15,000,000.00	15,000,000.00			15,000,000.00	15,000,000.00		
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer			-	0.0%	340,848.00	340,848.00	-	0.0%
Other Transfers			-	100.0%		68,239.88	68,239.88	100.0%
Total Revenues and Transfers	63,527,134.00	63,648,722.08	121,588.08	0.2%	368,095,222.00	368,516,659.31	421,437.31	0.1%

COMPARISON TO PREVIOUS BIENNIUM REVENUES
2001-03 BIENNIUM
DECEMBER 2001

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	December 1999	December 2001	Variance	Percent	2001	2003	Variance	Percent
Sales Tax	\$ 21,256,715.25	\$ 24,834,868.47	\$ 3,578,153.22	16.8%	\$ 152,778,981.59	\$ 159,343,311.33	\$ 6,564,329.74	4.3%
Motor Vehicle Excise Tax	4,321,140.27	5,049,830.93	728,690.66	16.9%	27,378,970.64	31,604,984.45	4,226,013.81	15.4%
Individual Income Tax	5,965,127.94	4,123,407.16	(1,841,720.78)	-30.9%	74,575,335.05	80,028,141.92	5,452,806.87	7.3%
Corporate Income Tax	2,197,375.66	4,976,530.02	2,779,154.36	126.5%	14,139,405.92	9,652,161.37	(4,487,244.55)	-31.7%
Insurance Premium Tax	1,499,090.28	1,763,051.00	263,960.72	17.6%	6,539,687.10	7,328,426.42	788,739.32	12.1%
Financial Institutions Tax	(11,723.00)	(299,025.00)	(287,302.00)	2450.8%	(8,927.00)	361,879.00	370,806.00	-4153.8%
Oil & Gas Production Tax	1,483,552.25	1,147,750.37	(335,801.88)	-22.6%	7,325,919.05	9,286,166.17	1,960,247.12	26.8%
Gaming Tax	18,709.00	359,383.00	340,674.00	1820.9%	5,991,769.17	6,242,938.05	251,168.88	4.2%
Interest Income	766,027.19	221,398.18	(544,629.01)	-71.1%	3,042,090.98	2,522,453.91	(519,637.07)	-17.1%
Oil Extraction Tax	983,198.06	614,069.10	(369,128.96)	-37.5%	5,511,354.96	5,635,596.92	124,241.96	2.3%
Cigarette & Tobacco Tax	1,645,650.05	1,659,237.40	13,587.35	0.8%	11,398,632.24	10,691,575.19	(707,057.05)	-6.2%
Departmental Collections	1,492,414.12	1,729,508.91	237,094.79	15.9%	7,251,487.82	14,845,638.74	7,594,150.92	104.7%
Wholesale Liquor Tax	410,256.90	433,805.66	23,548.76	5.7%	2,294,737.32	2,808,746.05	514,008.73	22.4%
Coal Severance Tax	951,224.50	0.00	(951,224.50)	-100.0%	5,669,331.64		(5,669,331.64)	-100.0%
Coal Conversion Tax	1,039,490.89	1,936,078.59	896,587.70	86.3%	6,000,299.60	11,456,351.20	5,456,051.60	90.9%
Mineral Leasing Fees	265,608.90	98,828.29	(166,780.61)	-159.0%	1,543,299.57	1,299,200.71	(244,098.86)	-15.8%
Bank of North Dakota-Transfer	15,000,000.00	15,000,000.00		0.0%	15,000,000.00	15,000,000.00	-	0.0%
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer					345,152.00	340,848.00	(276,912.12)	-80.2%
Other Transfers	4.49		(4.49)	100.0%	1,850,618.83	68,239.88	1,782,378.95	96.3%
Total Revenues and Transfers	59,283,862.75	63,648,722.08	4,364,859.33	7.4%	348,628,146.48	368,516,659.31	19,888,512.83	5.7%

Revenue Variances

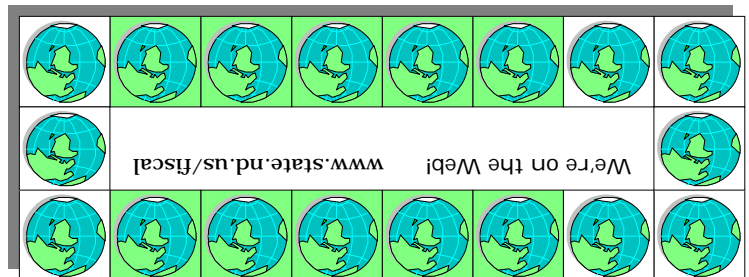
Sales tax collections in December exceeded the revenue projection by \$2.5 million or 11.0 percent. December collections reflect the Thanksgiving holiday sales. Biennium-to-date collections are now \$4.6 million or 3.0 percent ahead of projections.

Motor vehicle excise tax collections exceeded projections by \$944,831 or 23 percent. Continued growth in motor vehicle tax collections reflects the zero percent financing provided by car dealers. Although biennium-to-date projections are \$3.7 million or 13.2 percent ahead of projections, we expect to see a reduction in the number of cars sold sometime after the first of the year.

Individual income tax collections fell below projections by \$138,593 or 3.3 percent, which results in the biennium-to-date collections falling short of projections by \$3.4 million or 4.0 percent.

Corporate income tax collections fell below projections in December by \$1.6 million or 23.8 percent as a result of the necessity to transfer additional funds into the refund reserve account. Biennium-to-date collections are \$1.6 million or 14 percent below projections.

Due to the reduction in the price of oil, oil and gas production tax collections fell short of projections by \$808,250 and oil extraction tax collections fell short of projections by \$579,931.



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